

EXHIBIT 15

**REDACTED CONTENT
FILED UNDER SEAL**

1
2 UNITED STATES DISTRICT COURT
3 SOUTHERN DISTRICT OF NEW YORK

4 -----
5 SERGEY LEONTIEV,

6 Plaintiff,

7 -against-

8 ALEXANDER VARSHAVSKY,

9 Defendant.

10 Case No. 1:16-cv-03595-JSR
11 -----

12 December 16, 2016

13 9:50 a.m.

14 *** CONFIDENTIAL ***

15 DEPOSITION of ALEXANDER
16 ZHELEZNYAK, taken by Defendant, pursuant
17 to Notice, held at the offices of
18 DEBEVOISE & PLIMPTON LLP, 919 Third
19 Avenue, New York, New York before Wayne
20 Hock, a Notary Public of the State of New
21 York.
22
23
24
25

A P P E A R A N C E S:

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ALSO PRESENT:

RONALD MARRAZZO, Videographer

ROMAN SANNIKOV, Interpreter

EVGENIYA SOKOLOVA

VLADIMIR KHRENOV

ALEKSEI ROMANOVSKI

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EVGENIYA SOKOLOVA: Evgeniya Sokolova on behalf of Alexander Zheleznyak.

MR. WEIGEL: Evgeniya is not an attorney, she is Alexander's personal translator.

MR. MALIKOV: Andrei Malikov, Gibson Dunn, on behalf of Plaintiff Sergey Leontiev.

MR. WEIGEL: Robert Weigel, Gibson Dunn, on behalf of the witness and Sergey Leontiev.

THE VIDEOGRAPHER: Very good.

Our court reporter is Wayne Hock representing Veritext Legal Solutions.

We can now swear in the witness and proceed.

R O M A N S A N N I K O V,

the interpreter, having been first duly sworn by a Notary Public, interpreted the testimony as follows:

A L E X A N D E R Z H E L E Z N Y A K,
having been first duly sworn by a Notary Public of the State of

1 A. Zheleznyak -- CONFIDENTIAL

2 Q. Before this lawsuit was filed,
3 you were familiar with Ambika; weren't
4 you?

5 A. Yes.

6 Q. And the same is true for Vennop?

7 A. No.

8 Q. You didn't know Vennop before
9 this litigation was filed?

10 A. I did not.

11 Q. What about FG Life?

12 A. I did, I knew it.

13 Q. What about Valkera?

14 A. I did.

15 Q. Who is Alexander Shcheglyaev?

16 A. He's the beneficiary of a series
17 of companies.

18 Q. When did you first meet Mr.
19 Shcheglyaev?

20 A. I don't recall for certain.

21 Q. Approximately when?

22 A. Maybe five years ago, but I
23 could be mistaken.

24 Q. How did you meet him?

25 A. He became the client of a bank.

1 A. Zheleznyak -- CONFIDENTIAL

2 Q. What bank?

3 A. Probusinessbank.

4 Q. How did he become a client of
5 Probusinessbank?

6 A. He was brought in by the
7 business managers.

8 Q. Who in particular brought him
9 in?

10 A. I can't remember for sure who it
11 was exactly. We had thousands of business
12 managers.

13 Q. Who introduced you to Mr.
14 Shcheglyaev?

15 A. I don't remember who it was
16 exactly, but it was a meeting, some sort
17 of a meeting with clients and that's where
18 we met.

19 Q. And Mr. Shcheglyaev is listed as
20 the beneficial owner of Ambika, at least
21 as of September, 2015; is that right?

22 A. Probably.

23 Q. And he's also listed as the
24 beneficial owner of Valkera; is that true?

25 MR. WEIGEL: At what point in

1 A. Zheleznyak -- CONFIDENTIAL
2 time?

3 THE WITNESS: What was the
4 question?

5 Q. Do you know that Mr. Shcheglyayev
6 was at one point a beneficial owner of
7 Valkera?

8 A. I can't remember for sure
9 whether he was Valkera or not.

10 Q. What about Vermenda?

11 A. Oh, yes, Vermenda, yes.

12 Q. Do you know who set up the
13 e-mail address shcheglyayev@gmail.com?

14 A. No.

15 Q. Do you know who had access to
16 that e-mail account?

17 A. Probably Shcheglyayev.

18 Q. Do you know how it is that your
19 wife's sister -- your wife's niece, Ms.
20 Zubiy, had access to the documents that
21 were sent and received by
22 shcheglyayev@gmail.com?

23 MR. WEIGEL: I object to the
24 form. Foundation.

25 Q. You may answer.

1 A. Zheleznyak -- CONFIDENTIAL
2 some additional time to review, that you
3 think legalconsu@gmail.com actually
4 belongs to Maxim Shamis, a different
5 lawyer?

6 A. That's correct.

7 Q. And who is he?

8 A. He was an attorney at
9 Probusinessbank.

10 Q. Okay.

11 Separate and apart from
12 discussions that you had with Irina Zubiy
13 at the direction of your lawyers in order
14 to try to obtain Shcheglyayev's Gmail, so
15 putting that to the side, in the past have
16 you given instructions to Ms. Zubiy to
17 communicate with Mr. Shcheglyayev?

18 A. Yes, I asked her to communicate
19 with Mr. Shcheglyayev.

20 Q. And did you introduce Ms. Zubiy
21 to Mr. Shcheglyayev?

22 A. Yes.

23 Q. When did you do that?

24 A. I don't remember exactly.

25 Q. Where does Ms. Zubiy live?

1 A. Zheleznyak -- CONFIDENTIAL

2 right?

3 A. I said that.

4 Q. Did she work for Probusinessbank
5 from London?

6 A. She did something remotely for
7 the risk department. I think she was but
8 I can't say for certain.

9 Q. How long did she live in London?

10 A. While she was studying.

11 Q. How long did she study?

12 A. I don't know, two or three
13 years. I don't know.

14 Q. Okay.

15 We were speaking earlier about
16 Mr. Shcheglyayev.

17 A. Yes.

18 Q. Was it your decision to have him
19 serve as the beneficial owner of companies
20 like Ambika, Valkera, other companies?

21 A. I asked him to.

22 Q. And was he paid for doing that?

23 A. He did receive something, yes,
24 yes.

25 Q. What did he receive for serving

1 A. Zheleznyak -- CONFIDENTIAL

2 as beneficial owner of those companies?

3 A. I don't know exactly but I don't
4 think it was a lot.

5 Q. Okay.

6 It didn't take much to get him
7 to put his name down as the beneficial
8 owner of those companies?

9 MR. WEIGEL: Objection.

10 Argumentative.

11 Please translate.

12 THE WITNESS: Yes.

13 Q. Is it fair to say that Mr.
14 Shcheglyaev made no important decisions
15 when it came to the affairs of Ambika?

16 A. Correct.

17 Q. He took instructions from
18 others; correct?

19 A. Correct.

20 Q. You gave him those instructions?

21 A. No.

22 Q. Ultimately the instructions came
23 from Sergey Leontiev; correct?

24 MR. WEIGEL: I object.

25 Foundation. Argumentative.

1 A. Zheleznyak -- CONFIDENTIAL

2 Q. You can answer.

3 A. He was instructed by Aleksandra
4 Vyulkova, received instructions from
5 Aleksandra Vyulkova, a female.

6 Q. So Mr. Shcheglyaev took
7 instructions from Aleksandra Vyulkova; is
8 that right?

9 A. Correct.

10 Q. And Ms. Vyulkova worked for
11 Probusinessbank; is that true?

12 A. Correct.

13 Q. She ultimately reported to
14 Sergey Leontiev and then to you; is that
15 right?

16 A. Correct.

17 Q. So ultimately she acted at the
18 direction of Sergey Leontiev and you when
19 it came to her activities; is that
20 correct?

21 MR. WEIGEL: Objection.

22 MR. MALIKOV: There's a couple of
23 translation -- can I speak in Russian
24 to say the translation issue?

25 THE INTERPRETER: I have to

1 A. Zheleznyak -- CONFIDENTIAL
2 translate the Russian into English.

3 EVGENIYA SOKOLOVA: The problem
4 is that you're translating into
5 Russian the word "direction" as wishes
6 but it's not exactly like this, it is
7 really like a direction. And the
8 point is that there was also a word
9 "with reporting to," there was a
10 mistranslation into Russian.

11 THE INTERPRETER: I take into
12 account the objections. I will
13 correct the translation of the
14 objections. I can't comment on the
15 other --

16 MR. HECKER: You're ultimately
17 the one who decides what the
18 translation is.

19 Let me repose the question and
20 you can translate it, there could be
21 an objection if there's an objection,
22 you can translate that, and then we'll
23 get an answer and then we'll find out
24 what that is.

25 Q. Aleksandra Vyulkova, she acted

1 A. Zheleznyak -- CONFIDENTIAL
2 at the instruction of Sergey Leontiev and
3 you when it came to her activities; is
4 that correct?

5 A. No.

6 Q. Mr. Shcheglyayev received a small
7 amount for agreeing to have his name
8 listed as the beneficial owner of Ambika;
9 is that true?

10 A. Correct.

11 Q. In connection with the
12 activities of Ambika and some of the other
13 companies that we'll talk about today,
14 there are e-mails sent and received by a
15 Gmail account shcheglyayev@gmail.com.

16 Have you ever seen those
17 e-mails?

18 MR. WEIGEL: I'm just going to
19 object to the form.

20 You can answer.

21 THE WITNESS: I possibly saw
22 them, but I don't recall them right
23 now.

24 Q. Okay.

25 Are you aware of any instance in

1 A. Zheleznyak -- CONFIDENTIAL
2 which Mr. Shcheglyaev himself gave
3 instructions to directors of Ambika or any
4 of the other companies that we'll be
5 talking about today?

6 A. I can't recall right now.

7 Q. Okay.

8 You can't think of a single
9 instance?

10 A. I can't recall.

11 Q. Does Aleksandra Vyulkova speak
12 English?

13 A. Yes, yes.

14 Q. Is her English better than your
15 English?

16 MR. WEIGEL: I object to the
17 form.

18 Q. You can answer.

19 A. Yes, yes.

20 Q. Can you read and write in
21 English?

22 A. Not very well.

23 Q. Okay.

24 Does she, to your knowledge, she
25 being Aleksandra Vyulkova?

1 A. Zheleznyak -- CONFIDENTIAL

2 A. I'm sorry, the other way around,
3 the reverse.

4 Q. Explain.

5 A. Could you repeat the question?

6 Q. Sure.

7 You're aware, are you not, that
8 in September, 2015 there were discussions
9 about having Valkera repay certain moneys
10 owed to Avilon pursuant to loan agreements
11 with Ambika?

12 A. Yes, I know that.

13 Q. And the decision about whether
14 to have Valkera repay moneys to Avilon
15 that were owed pursuant to loan agreements
16 with Ambika was a decision made by Sergey
17 Leontiev; true?

18 A. He gave his agreement to this.

19 Q. And Alexander Shcheglyayev had
20 absolutely no decision-making authority
21 with respect to that payment; correct?

22 A. He did not.

23 Q. And there's a reference in this
24 e-mail to Fedor.

25 MR. WEIGEL: Can you show it to

1 A. Zheleznyak -- CONFIDENTIAL

2 And ultimately you and Sergey
3 Leontiev together owned a controlling
4 interest in Probusinessbank; correct?

5 A. Just as Mr. Leontiev with any
6 other of the owners.

7 Q. Well, my question is whether you
8 and Sergey Leontiev together owned a
9 controlling interest in Probusinessbank.

10 A. Yes.

11 Q. And he held a much larger share
12 than you did; correct?

13 A. Yes.

14 Q. About four times as big?

15 A. Yes.

16 Q. And the controlling shareholder
17 of Probusinessbank was a company called
18 Alivikt; is that right?

19 THE INTERPRETER: Can you repeat
20 the question, please?

21 Q. The controlling shareholder of
22 Probusinessbank was technically a company
23 called Alivikt?

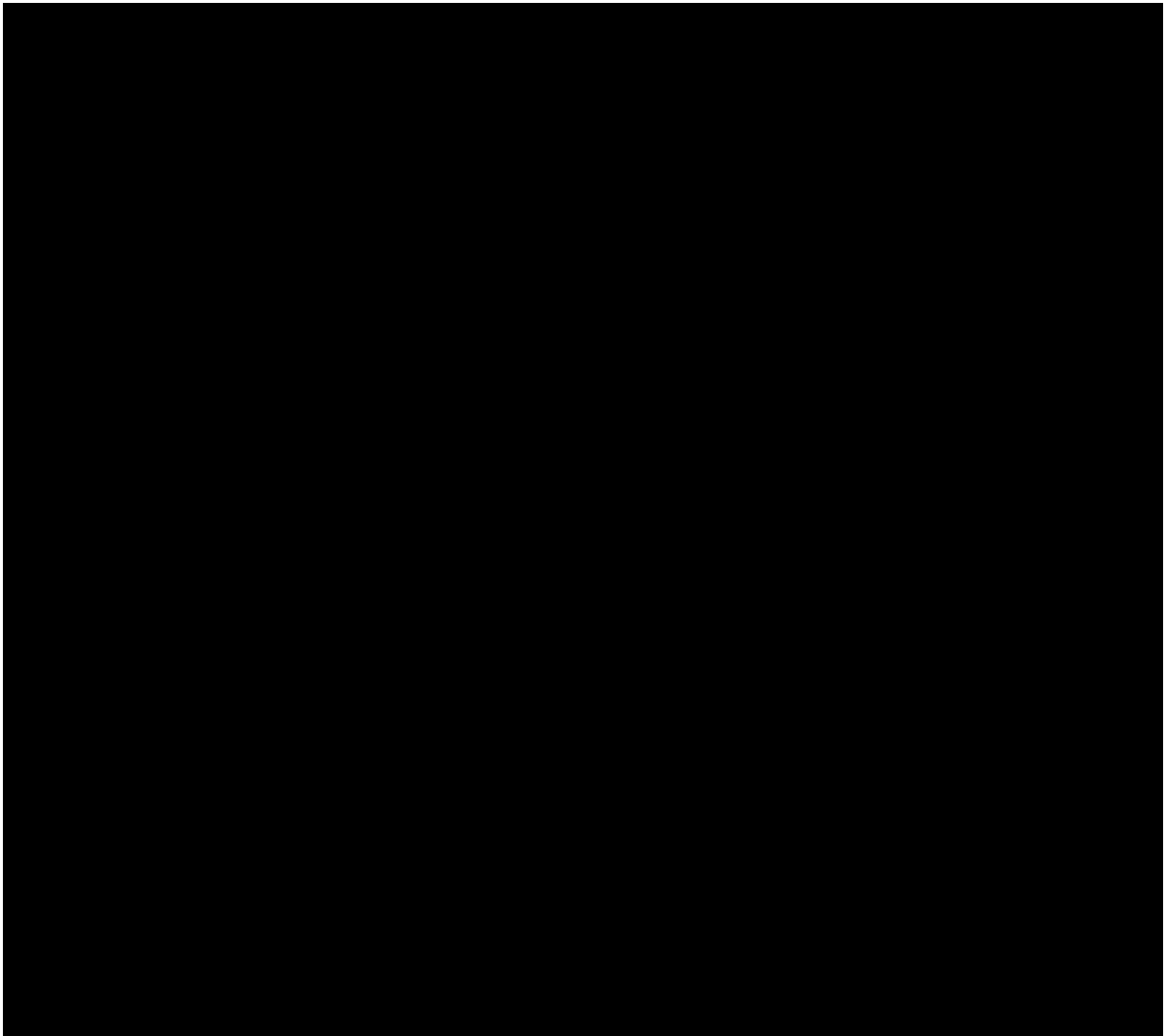
24 A. What do you mean by technically?
25 I don't get that.

1 A. Zheleznyak -- CONFIDENTIAL

2 Q. Well, did Alivikt hold shares in
3 Probusinessbank?

4 A. Alivikt? Yes, they owned shares
5 in Probusinessbank.

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22 MR. HECKER: I'm going to mark as
23 Defendant's Exhibit 3 the complaint
24 that was filed in the action.

25 (Whereupon, a document entitled

1 A. Zheleznyak -- CONFIDENTIAL
2 organized, those are the ones I'm asking
3 you about.

4 Did Sergey Leontiev direct you
5 to arrange those loans?

6 A. Well, what do you mean by
7 directed? In 2008, Sergey asked to get a
8 large loan, to acquire a large loan from
9 Avilon.

10 Q. He asked who?

11 A. Myself.

12 Q. For what purpose?

13 A. In 2008, there was a significant
14 world crisis and in Russia that had a
15 significant impact -- reflected
16 significantly on the banks and
17 Probusinessbank was in a difficult
18 situation with respect to the amount of
19 capital it was holding. We needed a large
20 sum in order to continue business and to
21 increase the capital. Sergey asked me to
22 try to obtain a large loan from Avilon.

23 Q. And you did that?

24 A. Yes.

25 Q. At Sergey Leontiev's direction?

1 A. Zheleznyak -- CONFIDENTIAL

2 A. At the request, at the request
3 of Sergey Leontiev I went and I discussed
4 the terms.

5 Q. And that was papered as a loan
6 that was made to Ambika Investments; is
7 that right?

8 MR. WEIGEL: I object.

9 Argumentative, the term "papered."

10 THE WITNESS: Subsequently, the
11 loan was signed between Avilon and
12 Ambika.

13 Q. Okay.

14 And that was based on
15 negotiations that you had with
16 representatives of Avilon?

17 A. By this, what do you mean?

18 Q. The loan we're talking about in
19 2008.

20 A. I only discussed the terms.

21 Q. With whom?

22 A. With Alexander Varshavsky.

23 Q. How much was that loan for?

24 A. In terms of time frame or sum?

25 Q. Sum.

1 A. Zheleznyak -- CONFIDENTIAL

2 A. I don't remember exactly right
3 now.

4 Q. Well, is it identified in this
5 document?

6 A. I think it was nineteen million.
7 It looks like nineteen million nine
8 hundred.

9 Q. And that money is still owed; is
10 it not?

11 MR. WEIGEL: By whom?

12 Q. You can answer.

13 MR. WEIGEL: I object. Vague.
14 Ambiguous.

15 THE WITNESS: Ambika has not
16 paid off all of the money to Avilon.

17 Q. Right.

18 Avilon is still owed the money;
19 correct?

20 A. By Ambika, no, it has not paid
21 off the full amount.

22 Q. Has anyone paid it off, to your
23 knowledge?

24 A. Which one? There's several
25 loans here.

1 A. Zheleznyak -- CONFIDENTIAL

2 Q. The one we're talking about
3 right now.

4 A. There's a lot of them here.

5 Q. Well, you said that you recall
6 negotiating the terms of the loan in 2008
7 for approximately \$19 million with Mr.
8 Varshavsky.

9 Do you recall that testimony?

10 A. I don't remember the exact
11 amount but we did discuss with him
12 bringing in a loan and the terms of that
13 loan.

14 Q. Okay.

15 And -- go ahead.

16 A. I just don't remember right now
17 what the amount was in -- it was 2008. I
18 don't remember the amount. I remember
19 that it was a large amount.

20 Q. You said you thought it was \$19
21 million or so?

22 A. Yes.

23 Q. And you said that the purpose of
24 the loan proceeds was to cover a capital
25 shortfall at Probusinessbank?

1 A. Zheleznyak -- CONFIDENTIAL

2 MR. WEIGEL: I object. Misstates
3 the testimony.

4 Q. You were nodding. You need to
5 speak your answers.

6 A. The money was taken in order to
7 fill the capital -- to add to the capital
8 of Probusinessbank.

9 Q. And you negotiated the terms of
10 that loan at Mr. Leontiev's request;
11 correct?

12 A. Yes, because there was a crisis.

13 Q. And you understood that Mr.
14 Leontiev would take steps to ensure that
15 the moneys were repaid to Avilon; correct?

16 MR. WEIGEL: I object. Vague.
17 Lacks foundation.

18 Q. You can answer.

19 A. Well, bank always wants all of
20 the -- the return of all of the deposits
21 that are outstanding including this one,
22 of course. Of course we assumed that we
23 would fulfill these obligations.

24 Q. And you thought Mr. Leontiev
25 would ensure that the money was repaid?

1 A. Zheleznyak -- CONFIDENTIAL

2 MR. WEIGEL: Objection. That
3 question's already been asked.

4 If you have anything new to add,
5 feel free.

6 THE WITNESS: I said that we
7 would fulfill all of the -- all of our
8 obligations -- that we would fulfill
9 all our obligations to Avilon for --
10 so that I would not be -- so that I
11 wouldn't worry.

12 Q. Right.

13 Because you had given your word
14 that the money would be repaid?

15 MR. WEIGEL: I object. Vague.

16 Q. You can answer.

17 A. I have a friendly relationship
18 with Alexander Varshavsky and my
19 reputation and my moral standing is not
20 the least of my concerns.

21 Q. You've been directly involved in
22 discussions regarding the proposed
23 repayment of the loans identified in the
24 document we were just looking at since
25 August of last year; right?

1 A. Zheleznyak -- CONFIDENTIAL

2 A. Can you repeat the question,
3 please?

4 Q. You were personally involved in
5 discussions about the proposed prepayment
6 of the loans that are identified in the
7 complaint since August of last year;
8 right?

9 A. Yes. Yes, I was involved in the
10 discussions.

11 Q. Okay.

12 And those discussions continued
13 because there was still moneys that had
14 not been repaid; correct?

15 MR. WEIGEL: I object.
16 Foundation.

17 Q. You can answer.

18 A. Yes, these discussions
19 continued.

20 Q. There was seventeen million that
21 was repaid in September, 2015; correct?

22 A. To whom?

23 Q. Well, are you aware of \$17
24 million that was repaid in September of
25 last year?

1 A. Zheleznyak -- CONFIDENTIAL

2 A. I do.

3 Q. Okay.

4 So you're familiar with that
5 topic?

6 A. I just want to know whether
7 we're talking about the same thing, about
8 the same payment.

9 Q. Were there multiple \$17 million
10 payments made in about September of last
11 year or are you just aware of one of them?

12 MR. WEIGEL: I'm going to object.

13 THE WITNESS: I only know of
14 one. I only know of one.

15 MR. WEIGEL: I'm going to object
16 to the question. You're arguing with
17 the witness. He's trying his best to
18 help.

19 Q. Mr. Zheleznyak, my questions
20 concerning the \$17 million that was repaid
21 in September of last year.

22 A. I understand.

23 Q. Okay.

24 That \$17 million was money that
25 was owed by Ambika to Avilon; correct?

1 A. Zheleznyak -- CONFIDENTIAL

2 A. Which amount, the one that was
3 repaid?

4 Q. Yes.

5 A. Yes.

6 Q. So Ambika didn't have the \$17
7 million; right?

8 A. It didn't.

9 Q. Okay.

10 So the money was repaid by a
11 company called Valkera; right?

12 A. Correct.

13 Q. Okay.

14 And you were involved in the
15 negotiations that led to Valkera making
16 the \$17 million available to Avilon even
17 though the money was owed by Ambika?

18 A. Yes, I participated, yes.

19 Q. And you testified, I believe,
20 that Sergey Leontiev ultimately agreed to
21 allow Valkera to pay back the \$17 million
22 owed by Ambika; correct?

23 A. Yes.

24 Q. The \$17 million that was repaid
25 by Valkera, that wasn't money that was

1 A. Zheleznyak -- CONFIDENTIAL

2 yours personally; was it?

3 A. Yes, absolutely. Unfortunately.

4 Q. It's unfortunate for all of us.

5 Are you aware that Sergey
6 Leontiev told Alexander Varshavsky that
7 you personally repaid the \$17 million that
8 came from Valkera?

9 MR. WEIGEL: I object.

10 Foundation.

11 Q. You can answer.

12 A. I was the one who made the
13 instructions -- who instructed Vyulkova to
14 make the payment, the final instruction to
15 make that payment.

16 Q. You gave her the final
17 instruction after getting permission from
18 Sergey Leontiev; right?

19 A. Yes, he gave his agreement, yes.

20 Q. You couldn't have made that
21 instruction without Sergey Leontiev's
22 agreement; could you?

23 A. I couldn't, right.

24 Q. Because ultimately he's the one
25 who is responsible for making decisions

1 A. Zheleznyak -- CONFIDENTIAL

2 like that; right?

3 MR. WEIGEL: I'm going to object.

4 It's vague and ambiguous as to what
5 you mean decisions like that.

6 THE WITNESS: If you could be a
7 little bit more specific what you mean
8 by he's the person who makes these
9 kinds of decisions.

10 Q. Let me try it this way.

11 You've testified that you
12 couldn't decide that Valkera would repay
13 the \$17 million; correct?

14 A. Correct.

15 Q. You had to get Sergey Leontiev's
16 permission to do that; right?

17 A. Of course.

18 Q. Did you need to check with Mr.
19 Shcheglyaev before you made that decision?

20 A. No.

21 Q. Because he has absolutely no
22 decision-making authority with respect to
23 the activities of Valkera; correct?

24 A. Yes, I answered that.

25 Q. Right.

1 A. Zheleznyak -- CONFIDENTIAL

2 Did you need to check with
3 anyone other than Sergey Leontiev about
4 the decision to instruct Valkera to repay
5 the \$17 million?

6 A. Check, what do you mean?

7 Q. Did you need permission from
8 anyone else?

9 A. No.

10 Q. So Sergey Leontiev is the only
11 person who really could make that
12 decision; right?

13 A. This, what do you mean by this?

14 Q. The decision for Valkera to pay
15 back the \$17 million.

16 A. Yes.

17 Q. Okay.

18 Mr. Leontiev ultimately
19 controlled the activities of Valkera, to
20 your understanding?

21 MR. WEIGEL: I object to the
22 form. Foundation.

23 Q. You can answer.

24 A. Valkera was the same type of
25 company as Ambika and the bank controlled

1 A. Zheleznyak -- CONFIDENTIAL

2 it.

3 Q. And Leontiev controlled the
4 bank?

5 A. Leontiev controlled the bank.

6 Q. Right.

7 So someone like Vyulkova
8 wouldn't direct Ambika directors of
9 Valkera directors to take action to move
10 significant sums around without Sergey
11 Leontiev being in favor of doing that;
12 right?

13 MR. WEIGEL: Sean, I'm going to
14 object unless you clarify the time
15 frame.

16 Are you talking about the time
17 period before the bank was taken over
18 or after?

19 THE WITNESS: Can my
20 translator --

21 MR. HECKER: No, no.

22 Listen, Mr. Weigel, from now on
23 you can state your objection. You
24 cannot make speaking objections. You
25 can't do it. You're not permitted to

1 A. Zheleznyak -- CONFIDENTIAL

2 A F T E R N O O N S E S S I O N

3 December 16, 2016

4 1:16 p.m.

5 THE VIDEOGRAPHER: It is

6 approximately 1:16 p.m.

7 We are back on the record.

8 A L E X A N D E R Z H E L E Z N Y A K,
9 having been previously duly sworn by
10 a Notary Public of the State of
11 New York, upon being examined,
12 testified as follows:

13 EXAMINATION CONTINUED BY

14 MR. HECKER:

15 Q. Mr. Zheleznyak, earlier you
16 testified about a loan that you arranged
17 from Avilon that was documented as a loan
18 to Ambika.

19 Do you recall that testimony?

20 A. Yes.

21 Q. That was in 2008, that loan?

22 A. Yes.

23 Q. And you said that the reason you
24 were asked to arrange that loan by Mr.
25 Leontiev is because there was a capital

1 A. Zheleznyak -- CONFIDENTIAL
2 deficiency at Probusinessbank; is that
3 right?

4 A. Correct.

5 Q. But you didn't arrange a loan
6 from Avilon to Probusinessbank; right?

7 A. It was for Probusinessbank,
8 correct.

9 Q. The loan was made by Avilon to
10 Ambika; correct?

11 A. Correct.

12 Q. And Probusinessbank is not the
13 owner of Ambika; right?

14 A. It is not but it controls it.
15 It's not the legal owner.

16 Q. Why was Ambika created?

17 A. Ambika was created -- organized
18 as a brokerage company including as a way
19 of attracting funds, resources for the
20 bank.

21 Q. Whose idea was it to create
22 Ambika?

23 A. I don't know whose idea it was.

24 Q. Are there any employees who work
25 for Ambika?

1 A. Zheleznyak -- CONFIDENTIAL

2 A. I didn't deal with these
3 companies. I wasn't working on these
4 companies. This was outside my sphere.

5 Q. Are you aware of whether Ambika
6 had an office?

7 A. I don't know.

8 Q. And you don't know whether it
9 had employees?

10 A. I don't know.

11 Q. And your testimony is the bank
12 didn't own Ambika but ultimately
13 controlled it?

14 A. Yes.

15 Q. And your understanding is that
16 if Ambika borrowed money from Avilon that
17 Probusinessbank could get access to the
18 funds that were loaned to Ambika?

19 MR. WEIGEL: I'm going to object
20 on the grounds that it is vague and
21 ambiguous.

22 Q. You can answer.

23 A. Probusinessbank guaranteed the
24 return of the funds.

25 Q. That wasn't my question though.

1 A. Zheleznyak -- CONFIDENTIAL

2 My question was whether
3 Probusinessbank could use funds owned by
4 Avilon to Ambika.

5 A. Yes.

6 (Discussion held in Russian)

7 MR. HECKER: Let me try
8 rephrasing it so we don't have a
9 debate over the translation.

10 Q. Was it your understanding that
11 Probusinessbank was able to use funds that
12 were loaned by Avilon to Ambika?

13 A. It could.

14 Q. And the reason it could, to your
15 understanding, was because Sergey Leontiev
16 ultimately controlled both Ambika and
17 Probusinessbank?

18 MR. WEIGEL: I object.

19 Argumentative. Lacks foundation.

20 Asked and answered.

21 Q. You can answer.

22 A. Controlled, yes.

23 Q. Okay.

24 Now, how long have you known Mr.
25 Leontiev?

1 A. Zheleznyak -- CONFIDENTIAL

2 A. Forty-three years.

3 Q. How old are you, sir?

4 A. Fifty.

5 Q. So you met as children?

6 A. In school.

7 Q. You were school friends?

8 A. Yes, yes.

9 Q. You grew up together?

10 A. Yes.

11 Q. And is the first time that you
12 did work for him when you were a lawyer
13 back in 1991?

14 A. That's correct.

15 Q. At what point did you -- at any
16 point did you go into business with Mr.
17 Leontiev?

18 A. Yes.

19 Q. When was that?

20 A. I think it was probably around
21 that time, '91, '92.

22 Q. And what business did you go
23 into together?

24 A. Initially?

25 Q. Sure.

1 A. Zheleznyak -- CONFIDENTIAL

2 A. An international business
3 center, Probusiness.

4 Q. What were the activities of
5 Probusiness?

6 A. Initially it was consultation on
7 foreign economic activity. Subsequently
8 there were different businesses that at
9 different stages were added to it.

10 Q. Like what?

11 A. Business for auto
12 transportation, transportation of cars,
13 servicing of large commercial enterprises,
14 and specifically focused on export of
15 their production. At a certain point it
16 added tourism business, and so on.

17 Q. Did you have a division of labor
18 as between you and Mr. Leontiev in terms
19 of who handled what aspects of the
20 businesses?

21 A. In the bank or in the business?

22 Q. Well, why don't you start with
23 the business and then you can describe
24 when the bank was created.

25 A. I handled strictly the legal

1 A. Zheleznyak -- CONFIDENTIAL
2 by Probusinessbank or any of the other
3 businesses that you were in with Mr.
4 Leontiev?

5 MR. WEIGEL: No, that's not what
6 the question was in the first
7 instance.

8 MR. HECKER: Really? That's what
9 the transcript says.

10 MR. WEIGEL: All right. Let's
11 go.

12 THE WITNESS: No, I did not
13 participate.

14 Q. So who made those decisions?

15 A. Which ones specifically?

16 Q. Investment decisions.

17 MR. WEIGEL: I'm going to object.
18 It's overbroad.

19 THE WITNESS: For different
20 types of investment activity there
21 were different departments.

22 Q. Are you speaking about
23 Probusinessbank in particular?

24 A. About the whole financial group,
25 about all the banks including

1 A. Zheleznyak -- CONFIDENTIAL

2 Probusinessbank.

3 Q. Who made investment decisions at
4 Probusinessbank?

5 A. There were different decisions,
6 so you could buy a car, you could buy
7 bonds. Each one had a -- each individual
8 had a limit onto what kind of decisions
9 they could -- what sort of decisions they
10 can make. In other words, everyone was
11 delegated a certain authority to make
12 certain decisions.

13 Q. You said earlier that you
14 understood that Ambika was set up in order
15 to act as a brokerage firm; is that what
16 you said?

17 A. Yes, like a broker company, yes.

18 Q. What do you mean by a broker
19 company?

20 A. It worked on financial markets.

21 Q. And who was responsible for
22 making decisions about Ambika's role in
23 the financial markets?

24 A. The financial departments.

25 Q. Of? Financial departments of

1 A. Zheleznyak -- CONFIDENTIAL

2 what?

3 A. Probusinessbank.

4 Q. And who was that?

5 A. There were several departments
6 that handled the capital, their
7 accounting, the plan, the financial
8 models, forecasting.

9 Q. Whose idea was it to establish
10 Valkera?

11 A. I don't know whose idea it was
12 to establish this company. There was a
13 department in the financial bloc that was
14 specifically responsible with making these
15 -- taking these actions.

16 Q. Did that include Aleksandra
17 Vyulkova?

18 A. It included her, yes, and other
19 individuals as well.

20 Q. Did it include Fedor Brazhnikov?

21 A. Fedor Brazhnikov reported to
22 Aleksandra Vyulkova. He was one of her
23 subordinates.

24 Q. Who did Aleksandra Vyulkova
25 report to?

1 A. Zheleznyak -- CONFIDENTIAL

2 A. She was part of the financial
3 bloc. They were all very independent
4 there. It was a horizontal structure.
5 There was a specific requirement for
6 fulfilling a financial model and each head
7 of each of the departments would then go
8 and work on fulfilling that requirement.

9 Q. Who did Aleksandra Vyulkova
10 report to? Who was her supervisor?

11 A. It was this financial bloc and
12 her part was -- her department was part of
13 that financial bloc. She had her own
14 functions in fulfilling the requirements
15 that were provided to that financial bloc.
16 In other words, the requirements were
17 presented to the whole financial bloc, not
18 to the individual departments within that
19 financial bloc, and that that would then
20 be fulfilled by these individual
21 departments and they would then work on
22 their own piece of that and would then
23 report on that. The financial director
24 would then report on fulfilling that
25 requirement.

1 A. Zheleznyak -- CONFIDENTIAL

2 Q. Was she a financial director.

3 (Discussion held in Russian)

4 Q. Was she a financial director?

5 A. No, she wasn't. She was part of
6 the financial bloc.

7 Q. Who set the requirements for the
8 financial bloc?

9 A. Sergey Leontiev.

10 Q. So ultimately she reported up to
11 Sergey Leontiev; right?

12 A. I think he's probably only seen
13 her two times in his life.

14 Q. She worked for him; right?

15 MR. WEIGEL: I'm sorry, what is
16 the -- excuse me, one second, let me
17 object.

18 I don't understand the laughter.

19 Q. She worked for Sergey Leontiev
20 ultimately?

21 MR. WEIGEL: I'm going to object
22 on the grounds that you're misstating
23 the testimony and it's vague as to use
24 of the term "ultimately."

25 THE WITNESS: Even the drivers

1 A. Zheleznyak -- CONFIDENTIAL
2 worked for Sergey Leontiev. He's the
3 CEO of the company. The cleaning
4 ladies did as well.

5 Q. Who's Maksim Afanasyev?

6 A. He worked for Sergey and he
7 worked in trading, handled trading.

8 Q. Trading for what company?

9 A. Wonderworks.

10 Q. What was the relationship, if
11 any, between Wonderworks and
12 Probusinessbank?

13 A. I'm not aware of what these --
14 this relationship was. This was beyond my
15 sphere.

16 Q. Is it your understanding that
17 Wonderworks was another company owned by
18 Sergey Leontiev?

19 MR. WEIGEL: At what point in
20 time?

21 THE WITNESS: Yes, at what point
22 in time?

23 Q. What's your understanding of
24 when Sergey Leontiev owned Wonderworks?

25 A. I don't know exactly when it was

1 A. Zheleznyak -- CONFIDENTIAL

2 created, but he owned it in '14/'15.

3 Q. And Maksim Afanasyev worked for
4 Wonderworks for Mr. Leontiev?

5 A. He didn't work there. He worked
6 for Sergey Leontiev.

7 Q. And Wonderworks was involved in
8 different investment activities; is that
9 right?

10 A. Again, this is beyond my sphere
11 of knowledge, but I know that it worked
12 with bonds, with the shares and bonds.

13 Q. Stocks and bonds?

14 A. Stocks and bonds.

15 Q. And do you know who Nataliya
16 Kudryakove is?

17 A. That's an employee of Aleksandra
18 Vyulkova, but I've never actually seen
19 her.

20 Q. And what about --

21 MR. HECKER: Strike that.

22 Q. Is it your understanding that
23 Ms. Vyulkova and employees working for her
24 were able to move assets between some of
25 the different Cyprus entities that had

1 A. Zheleznyak -- CONFIDENTIAL

2 been set up like Ambika and Valkera.

3 (Discussion held in Russian)

4 A. Yes, yes.

5 Q. You said that you paid some
6 money to Mr. Shcheglyayev to allow you to
7 use his name as the beneficial owner of
8 certain companies; is that right?

9 MR. WEIGEL: I object. Vague as
10 to who you mean by you.

11 THE WITNESS: Yes, yes.

12 Q. Who asked you to recruit someone
13 to act as the beneficial owner of Ambika,
14 Valkera, other entities?

15 A. Vyulkova, she was looking
16 herself and she asked me and she asked her
17 people as well to look for someone.

18 Q. And you were looking for someone
19 who would be willing to let you use their
20 name as the beneficial owner?

21 A. Yes.

22 Q. Is there some reason that Ms.
23 Vyulkova didn't want to use her name or
24 the name of some Probusinessbank employee
25 as the beneficial owner?

1 A. Zheleznyak -- CONFIDENTIAL

2 A. I can only guess that she was
3 already -- she already was one somewhere
4 else, but I am not certain.

5 Q. Did Probusinessbank report in
6 its -- did report publicly that it
7 controlled these Cyprus entities like
8 Ambika, Valkera?

9 A. I don't know. That's also
10 beyond my sphere.

11 Q. Are you familiar with Vermenda
12 Holdings Limited?

13 A. I've heard that name, yes.

14 Q. Do you know what its purpose
15 was?

16 A. No, I don't know.

17 Q. And I believe you already
18 testified you don't know what Vennop
19 Trading Limited is?

20 A. No, no, I hadn't even heard of
21 it prior to today, before I saw the
22 documents.

23 Q. Who is Yanna Krisyuk?

24 A. She's the vice president of the
25 department for working with VIP clients.

1 A. Zheleznyak -- CONFIDENTIAL

2 She is the deputy head of the department
3 for working with VIP clients.

4 Q. Who is the head of that
5 department?

6 A. Natalia Abramova.

7 Q. And did Ms. Krisyuk and Ms.
8 Abramova play any role in raising funds
9 from either entities or individuals who
10 lent money to any of the Cyprus companies
11 we've been talking about?

12 A. I didn't understand. If you
13 could repeat it one more time.

14 Q. Sure.

15 Did either Ms. Krisyuk or Ms.
16 Abramova play a role in raising funds from
17 either entities or individuals who were
18 lending money to the Cyprus entities we've
19 been talking about?

20 A. They were involved in bringing
21 in the funds, but the companies were
22 determined by Ms. Vyulkova depending or
23 based on the financial model.

24 Q. Who established the financial
25 model?

1 A. Zheleznyak -- CONFIDENTIAL

2 A. Sergey Leontiev, he approved the
3 financial model for the group and
4 translated it down.

5 Q. And the financial model for the
6 group included creating the Cyprus
7 entities that would act as borrowers of
8 funds that would be used by the group?

9 MR. WEIGEL: I'm just going to
10 object in terms of it's overbroad, the
11 use of the term "the Cyprus entities."

12 MR. HECKER: Let's hear what he
13 said.

14 (Discussion held in Russian)

15 THE WITNESS: Yes, including
16 bringing in the funds for the company.

17 MR. HECKER: I think the record's
18 very messy.

19 Q. Let's -- let me try the question
20 again.

21 Am I correct that Sergey
22 Leontiev ultimately approved the financial
23 model for the group?

24 A. Correct.

25 Q. And am I right to understand

1 A. Zheleznyak -- CONFIDENTIAL
2 that the financial model for the group
3 included creating entities like Ambika and
4 Valkera to act as borrowers of funds that
5 would be raised from entities like Avilon?

6 MR. ROMANOVSKI: Could you
7 translate the whole question again,
8 please?

9 THE INTERPRETER: (Complying).

10 THE WITNESS: So it wasn't the
11 organization of the entities. The
12 financial model revolved around
13 bringing in funds. Yes, it included
14 bringing in funds to these companies.

15 Q. And your testimony is that Ms.
16 Abramova and Ms. Krisyuk would be involved
17 in raising moneys that Sergey Leontiev had
18 decided should be raised through
19 borrowing?

20 MR. WEIGEL: I object. Lacks
21 foundation. It's vague as to what you
22 mean by used in borrowing.

23 Q. Go ahead.

24 A. Abramova and Krisyuk sold the
25 product of the bank both to individuals

1 A. Zheleznyak -- CONFIDENTIAL
2 and to legal entities and the product was
3 to bring in funds to the balance of the
4 company.

5 Q. And when you're talking about
6 the products of the bank, you're talking
7 about loans that were made to Ambika and
8 Valkera, for example?

9 A. Not only those companies.

10 Q. Others as well?

11 A. Yes.

12 Q. Right.

13 And Ms. Vyulkova would decide
14 whether additional entities should be
15 established offshore in Cyprus in order to
16 act as the borrower of those funds?

17 A. Yes.

18 Q. But Mr. Leontiev ultimately
19 determined what to do with the moneys that
20 were raised in this manner; correct?

21 MR. WEIGEL: Objection. Vague as
22 to what you mean by ultimately.

23 THE WITNESS: Each business had
24 its own requirements, its own needs,
25 and whether to fulfill the ambitions

1 A. Zheleznyak -- CONFIDENTIAL
2 of each of the businesses was decided
3 by Mr. Leontiev.

4 Q. And he decided what to do with
5 the moneys that were raised; right?

6 MR. WEIGEL: I object. Vague.
7 Asked and answered.

8 THE WITNESS: He either approved
9 or did not approve the proposals from
10 the businesses. In our case, the
11 businesses would propose and then
12 Sergey would decide ultimately and
13 provide, approve funds to the business
14 that was most profitable.

15 Q. You attended a meeting in London
16 between Sergey Leontiev, Alex Varshavsky,
17 and others?

18 A. Yes.

19 Q. Did you know that Sergey
20 Leontiev was recording the meeting?

21 A. Yes.

22 Q. He told you before the meeting?

23 A. Yes, yes, yes.

24 Q. Did he tell you why he was
25 recording it?

1 A. Zheleznyak -- CONFIDENTIAL

2 A. He said that there may be some
3 instigators or instigation and that I want
4 to record it just in case.

5 Q. Do you understand what
6 instigation means in that context?

7 A. Well, I think it probably meant
8 something like threats or exerting
9 pressure.

10 Q. Did that happen in the meeting?

11 A. No.

12 Q. Did you tell Alex Varshavsky
13 before the meeting with Mr. Leontiev that
14 Mr. Leontiev was going to be recording the
15 meeting?

16 A. No.

17 Q. Did any of the other attendees
18 other than you and Mr. Leontiev know that
19 he was recording the meeting?

20 A. No, no.

21 Q. Did Mr. Varshavsky ever
22 communicate any threats to you as it
23 related to the proposal to repay the debt?

24 A. Varshavsky did not threaten me.

25 Q. Did you ever tell Mr. Leontiev

1 A. Zheleznyak -- CONFIDENTIAL
2 that Mr. Varshavsky had made threats
3 either to you or to Mr. Leontiev in
4 connection with the disputed loans?

5 A. I told Mr. Leontiev statements
6 that were made by Alex Varshavsky and Kamo
7 Avagumyan because they are the ones who
8 asked me to do so.

9 Q. Okay.

10 My question was whether you ever
11 told Mr. Leontiev that Mr. Varshavsky had
12 made threats to you or to Mr. Leontiev in
13 connection with the disputed loans.

14 MR. WEIGEL: Objection. Asked
15 and answered.

16 THE WITNESS: I really did
17 answer. I already answered that I
18 relayed the words of Alex Varshavsky
19 and Kamo Avagumyan at their request to
20 Sergey Leontiev. How Sergey perceived
21 those words, it would be best to ask
22 Sergey.

23 Q. You didn't perceive them as
24 threats?

25 A. I, for myself I did not.

1 A. Zheleznyak -- CONFIDENTIAL

2 Q. Okay.

3 And you were involved in
4 arranging for each of these loans, the
5 2008 loan and the 2011 loan and the
6 subsequent agreements.

7 (Discussion held in Russian)?

8 THE INTERPRETER: I apologize,
9 can I get clarification? Was it
10 stated subsequent loans?

11 MR. HECKER: Subsequent
12 agreements.

13 THE INTERPRETER: Subsequent
14 agreements to other loans or to these
15 loans? I'm sorry, I just want to make
16 sure I understand what we discussed.

17 Let me get clarification to make
18 sure I'm translating correctly.

19 MR. HECKER: My question is were
20 you involved in arranging each of the
21 loans, the 2008 loan agreement and the
22 2011 loan agreement as well as the
23 subsequent agreements that are
24 identified in appendix B.

25 THE WITNESS: Well, you see,

1 A. Zheleznyak -- CONFIDENTIAL
2 afterwards it was just the work of the
3 manager and the client so -- and then
4 after that, I didn't need to -- after
5 that, Varshavsky, Sasha, he came in,
6 he deposited funds, he withdrew funds.
7 So he didn't need my participation
8 after that. We already agreed on the
9 terms. When the term came up, he
10 would either say I'll extend it or he
11 would bring in more money.

12 It wasn't only for Ambika.
13 Sometimes he would go directly to the
14 bank and deposit funds directly as a
15 deposit at the bank. He brought in
16 some of his friends. But this was
17 already part of the day-to-day work of
18 the manager with the client.

19 When the question came about the
20 terms, that's when he would reach out
21 to me.

22 Q. And the terms --

23 EVGENIYA SOKOLOVA: Interest
24 rate.

25 THE INTERPRETER: Interest rate.

1 A. Zheleznyak -- CONFIDENTIAL

2 Q. The term meaning the interest
3 rate that would be paid on the loans?

4 A. Yes, for the use of the funds,
5 yes, the rate. Or sometimes I would call
6 him and say the rate is a little high or
7 let's bring it down a little bit.
8 Sometimes it would change depending on the
9 market rates.

10 Q. You negotiated the interest
11 rate?

12 A. When that came up.

13 Q. And over time am I correct that
14 the agreed-upon interest for a period of
15 time was paid on the loans? The
16 agreed-upon interest was, in fact, paid on
17 these loans for a period of time?

18 A. Could I just clarify which funds
19 are we talking about right now?

20 Q. The loans identified in appendix
21 B.

22 A. Until the license was withdrawn.

23 Q. Interest was paid on these loans
24 until Probusinessbank's license was
25 withdrawn; is that your testimony?

1 A. Zheleznyak -- CONFIDENTIAL

2 A. Yes, as far as I understand, to
3 the very end.

4 Q. Do you know what happened to the
5 moneys that were loaned by Avilon to
6 Ambika?

7 A. No.

8 Q. You don't know where the moneys
9 went?

10 A. No, this is outside my sphere of
11 competence, but the funds that went into
12 Ambika went into the bank and then were
13 spent on the very -- went to different
14 things. In other words, the idea was that
15 -- so the general concept was to bring in
16 funds so that they could be added to the
17 general capital and that would be
18 distributed among the businesses.

19 I don't know the specific
20 nuances, of course.

21 Q. So the general capital -- it
22 would either be brought in and added to
23 the general capital and distributed among
24 the businesses according to the plan that
25 was approved by Sergey Leontiev?

1 A. Zheleznyak -- CONFIDENTIAL

2 A. Yes, to the general budget,
3 treasury, and then the treasury would then
4 distribute it to the different businesses
5 in accordance with the financial plan that
6 was approved.

7 Q. By Leontiev?

8 A. Yes.

9 Q. And do you know how the moneys
10 got from Ambika to the treasury at
11 Probusinessbank? You don't know?

12 A. No, I don't know. Sorry.

13 Q. And you know that the loans
14 reflected in appendix B still have not
15 been repaid; correct?

16 A. Well, here you have to add
17 things up. Part of it was repaid, part of
18 it wasn't.

19 Q. The seventeen million is what
20 you're referring to?

21 A. Yes.

22 Q. Okay.

23 Do you have Exhibit A in front
24 of you?

25 A. What is that? Which is that?

1 A. Zheleznyak -- CONFIDENTIAL
2 recognize these to be promissory notes
3 that are listed in the chart in appendix
4 A?

5 MR. WEIGEL: Counsel, are you
6 representing that the document you
7 just handed us, Exhibit 5 is it,
8 contains all the promissory notes that
9 are identified in Exhibit A or do you
10 want the witness to actually go
11 through it one by one?

12 MR. HECKER: No, my understanding
13 is this represents all of those that
14 are listed in appendix A.

15 MR. WEIGEL: And no others?

16 MR. HECKER: Correct.

17 THE WITNESS: I recognize them,
18 yes.

19 Q. And a number of these are signed
20 by you; right?

21 A. Yeah, it looks very similar,
22 yes.

23 Q. No, I'm asking if you see your
24 signature on this.

25 A. I see it. It's part of them,

1 A. Zheleznyak -- CONFIDENTIAL

2 some of them.

3 Q. And why did you sign the ones
4 you signed?

5 A. Either -- there were two
6 reasons. Either the client asked that I
7 sign or I may have just been in the office
8 at the time as a signatory. I wasn't
9 always at the office.

10 Q. You signed on behalf of FAO
11 Life, Financial Group Life?

12 A. Yes.

13 Q. What was your position at
14 Financial Group Life?

15 A. At which point in time?

16 Q. At any time.

17 Did you have different positions
18 in Financial Group Life at the time?

19 A. I had the power of attorney from
20 Financial Group Life to be a signatory.

21 Q. Okay.

22 Who suggested to you that you
23 should sign these on behalf of Financial
24 Group Life?

25 A. The setup was organized a little

1 A. Zheleznyak -- CONFIDENTIAL
2 differently. The deposits were brought
3 in, Vyulkova would identify the company,
4 and then documents were prepared. The
5 documents would then just be brought in to
6 me for signature and then they had the
7 visas or rather the approval from the
8 authorized individuals and the power of
9 attorney and I would sign them.

10 Q. Did you personally have
11 discussions with Karen Avagumyan about
12 certain of these promissory notes?

13 A. Never.

14 Q. Have you ever met Karen
15 Avagumyan?

16 A. That's Kamo's son.

17 Q. Have you ever met him?

18 A. Of course.

19 Q. But you never discussed the
20 promissory notes with Karen?

21 A. The money wasn't Karen's, it was
22 Kamo's money.

23 Q. Did you have discussions with
24 Kamo Avagumyan about the promissory notes?

25 A. It was the same. We had one

1 A. Zheleznyak -- CONFIDENTIAL
2 conversation. He said that I will be just
3 like Alexander, I would be depositing
4 funds just like Alexander and are my terms
5 going to be the same, my percentage going
6 to be the same. Yes, okay.

7 Sometimes he would have more,
8 sometimes he would have less, but I
9 wouldn't verify each and every amount with
10 him. That was what the manager handled.

11 Q. And did you talk with Kamo
12 Avagumyan about certain of the loans in
13 the June, 2015 time period?

14 A. There was just a general
15 discussion not about any specific loans,
16 we were just talking in general.

17 Q. Certain of these notes were
18 signed in June, 2015. So for example, if
19 you want to look at note number 1953 which
20 has a Bates number of 961.

21 A. I don't have 961. I have 962.
22 57, 58, 62.

23 MR. WEIGEL: Sean, my version
24 goes from 61 to 63, so apparently they
25 were --

1 A. Zheleznyak -- CONFIDENTIAL

2 MR. ROMANOVSKI: If you look at
3 the top, there are numbers.

4 THE WITNESS: Oh, 53?

5 Yes, so the question?

6 Q. So this was a note that was
7 signed in June, 2015; right?

8 A. I don't know. That's not my
9 signature.

10 Q. It's not your signature on this
11 one, that's right.

12 But this was a promissory note
13 that was issued in June of 2015 payable to
14 Kamo Avagumyan's son Karen; right?

15 A. Judging by the promissory note,
16 yes, that's correct.

17 Q. And were you in regular
18 discussions with Kamo Avagumyan about
19 these loans in June, 2015?

20 A. I don't know about these
21 promissory notes. We have been friends
22 for many years so we meet regularly. I
23 just can't remember that there were
24 discussions about these promissory notes,
25 just that I meet with him very frequently,

1 A. Zheleznyak -- CONFIDENTIAL
2 several times a week.

3 Q. Did you inform Kamo Avagumyan in
4 or around June of 2015 that FG Life had
5 filed for liquidation?

6 A. I just don't know when it filed.

7 Q. Well, if I represent to you that
8 it filed for liquidation in March, 2015,
9 does that sound accurate from your
10 recollection?

11 A. I just don't know. I'm not the
12 one who handled it. It's possible.

13 Q. Did you tell Kamo Avagumyan that
14 FG Life was filing for liquidation prior
15 to the time that these promissory notes
16 were signed?

17 MR. WEIGEL: One second.

18 MR. HECKER: Wait, I want him to
19 translate what was said. You can
20 interpose your objection --

21 MR. WEIGEL: I'm putting my
22 objection on the record when you say
23 these notes --

24 MR. HECKER: The ones we just
25 looked at signed in June of 2015.

1 A. Zheleznyak -- CONFIDENTIAL

2 MR. WEIGEL: It's by another
3 company called Vennop, so I hope
4 you're not trying to mislead the
5 witness.

6 MR. HECKER: I'm not.

7 MR. WEIGEL: The June 22, 2015
8 note is in the name of Vennop, not in
9 the name of Financial Group Life.

10 MR. HECKER: You're correct. I
11 stand corrected.

12 Hang on one second.

13 I stand corrected. I apologize.

14 Q. The one we were just looking at
15 with Vennop Trading was the one you didn't
16 know existed until you were preparing for
17 your deposition?

18 A. Yes, correct.

19 Q. Do you have any idea who
20 arranged for the promissory note we just
21 looked at that was executed with Vennop
22 Trading?

23 A. I don't have any idea, but I
24 think that probably happened the way it
25 usually does.

1 A. Zheleznyak -- CONFIDENTIAL

2 Q. And so who would have knowledge
3 about that, from your understanding?

4 A. About what?

5 Q. About the note with Vennop
6 Trading signed at the end of June of 2015.

7 A. Definitely Vyulkova.

8 Q. What about Mr. Leontiev?

9 A. No.

10 Q. He wouldn't know about Vennop
11 Trading?

12 A. I don't think so. I don't think
13 so. I doubt that he knows the specific
14 companies. That's Vyulkova's sphere of
15 competence.

16 Q. In terms of whether to set up
17 additional offshore companies?

18 A. Yes.

19 Q. But regardless of what actually
20 mechanically was involved in setting them
21 up, in terms of giving them direction
22 about taking steps like this, isn't that
23 ultimately something that Sergey Leontiev
24 would have to approve?

25 MR. WEIGEL: I'm going to object

1 A. Zheleznyak -- CONFIDENTIAL
2 to the form of the question, it's
3 vague, what you mean by steps like
4 this.

5 THE WITNESS: As to how to --

6 THE INTERPRETER: Could you read
7 back the question? I'll make sure
8 that it's translated properly. I
9 apologize.

10 (Whereupon the requested portion
11 was read back by the reporter)

12 THE WITNESS: Which steps? I
13 don't understand which steps.

14 Q. Setting up a company like Vennop
15 in order to issue promissory notes.

16 A. Leontiev did not create these
17 companies, did not instruct to create the
18 companies. That was done by Vyulkova.
19 Leontiev approved the model, how much to
20 bring in, and then how much -- how to
21 distribute it. He's the one who approved
22 that.

23 Q. Right.

24 So, for example, when Valkera's
25 going to make a repayment of \$17 million,

1 A. Zheleznyak -- CONFIDENTIAL
2 your testimony is Leontiev would have to
3 approve the movement of those funds,
4 that's not something Vyulkova could do on
5 her own; right?

6 MR. WEIGEL: I object as vague.

7 THE WITNESS: Yes, of course.

8 MR. HECKER: Do you want to take
9 a break?

10 MR. WEIGEL: I was hoping to but
11 I don't know if we got this question
12 right.

13 THE WITNESS: Yes, of course
14 that Vyulkova cannot make that
15 decision.

16 MR. HECKER: Go ahead.

17 Go off the record.

18 THE VIDEOGRAPHER: It is
19 approximately 2:36 p.m.

20 We are going off the record.

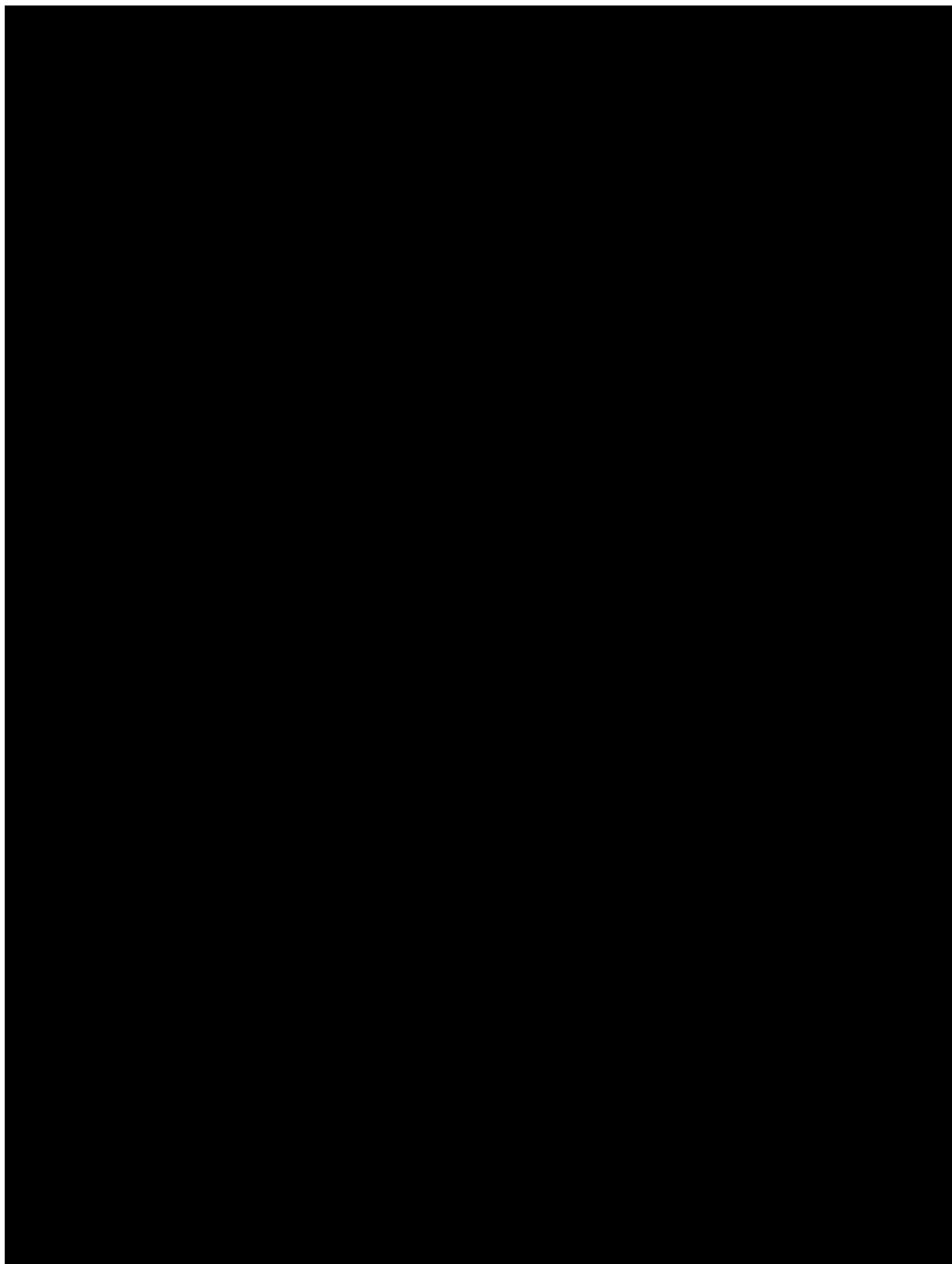
21 (Whereupon a break was taken)

22 THE VIDEOGRAPHER: It is
23 approximately 2:53 p.m.

24 We're back on the record.

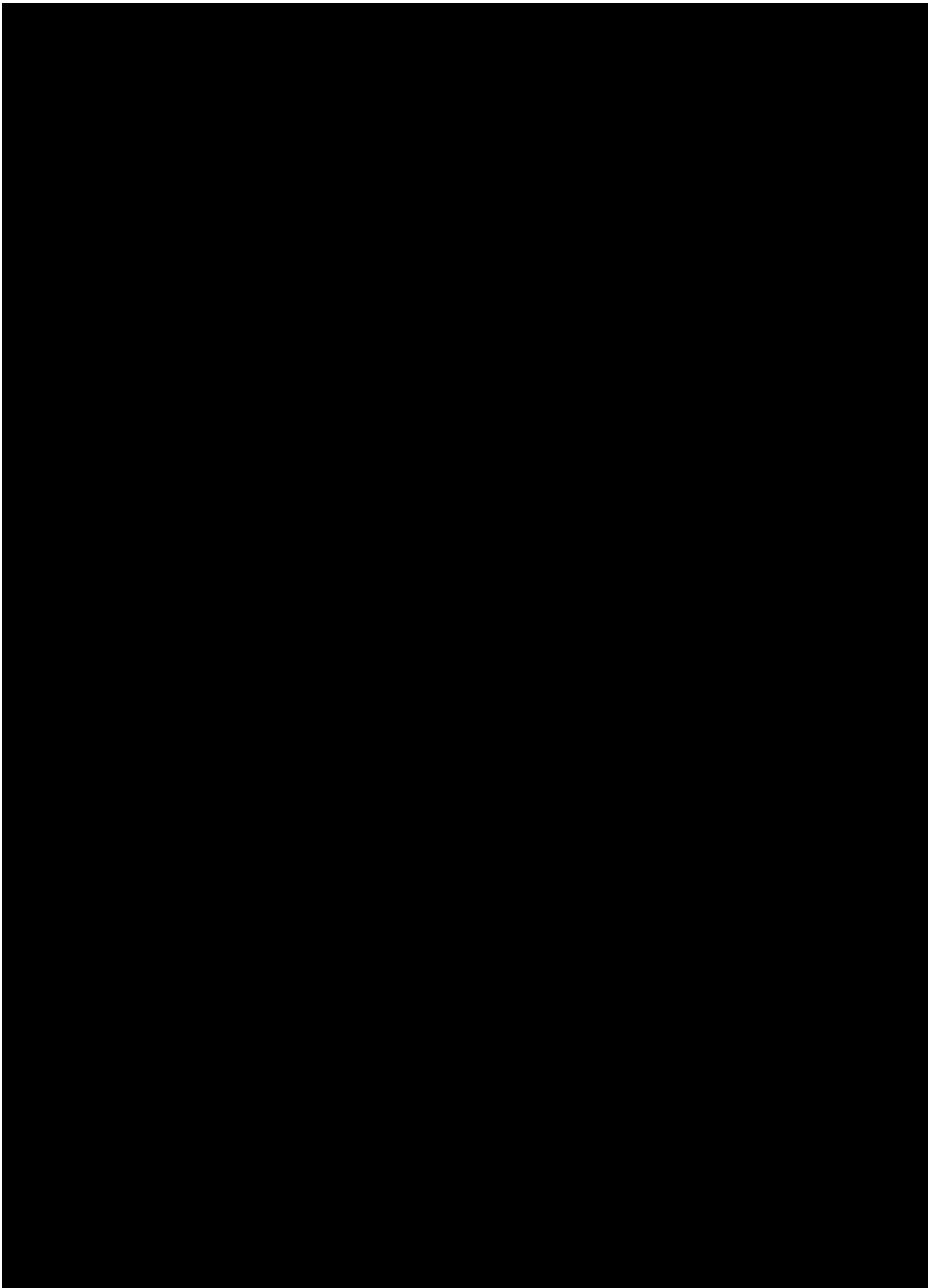
25 Q. Mr. Zheleznyak, on August 14, am

A. Zheleznyak -- CONFIDENTIAL

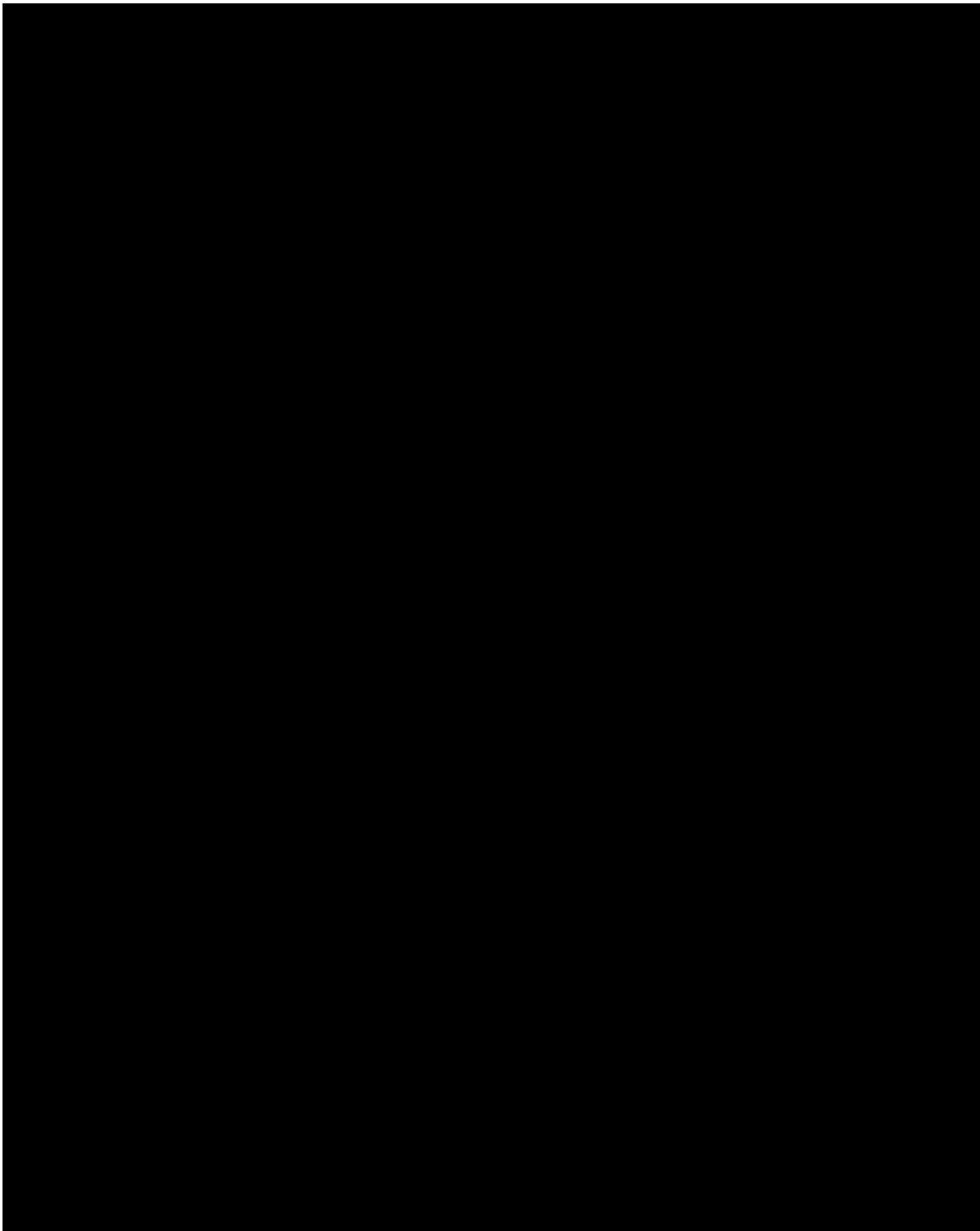


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Q. And Vermenda is one of the
Cyprus shell companies for which Mr.
Shcheglyayev served as the beneficial

1 A. Zheleznyak -- CONFIDENTIAL

2 owner?

3 A. Yes.

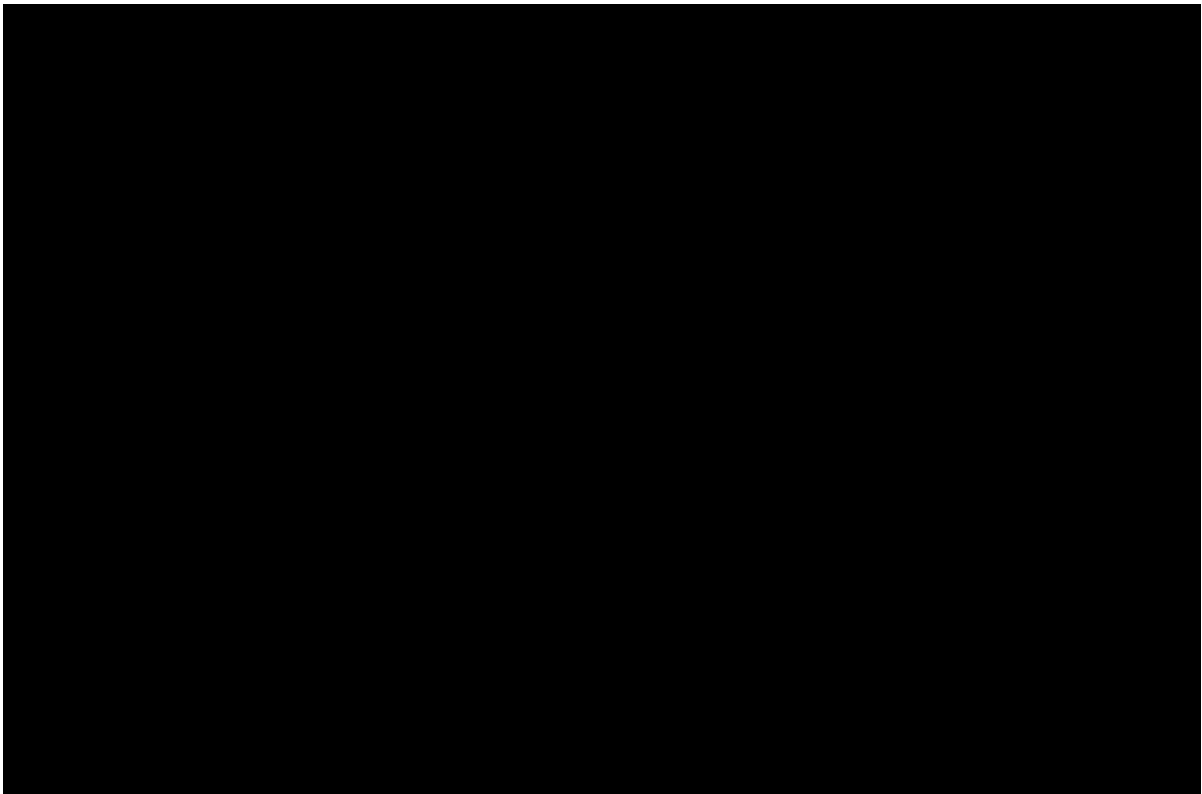
4 Q. So it's another company
5 ultimately controlled by Mr. Leontiev;
6 right?

7 MR. WEIGEL: I object to the
8 form. Argumentative. Misstates the
9 record.

10 Q. You can answer.

11 A. The bank controlled this whole
12 company and so this was one of these
13 corresponding companies.

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1 A. Zheleznyak -- CONFIDENTIAL
2 table of securities controlled by Mr.
3 Leontiev to try to persuade him that Mr.
4 Leontiev had assets from which he could
5 repay these outstanding loans; right?

6 A. Correct.

7 Q. And in fact, you then set up a
8 meeting between Mr. Varshavsky and Mr.
9 Leontiev; right?

10 A. Correct.

11 Q. Then you met at Aviron's
12 offices?

13 A. Yes.

14 Q. And was anyone else present
15 aside from you, Leontiev, and Varshavsky?

16 A. I believe Irina Monakhova came
17 by later on.

18 Q. And who is Irina Monakhova?

19 A. I don't know her exact title,
20 but she's like the financial director of
21 the Aviron group.

22 Q. Okay.

23 So she participated in part of
24 the meeting?

25 A. I think part of it.

1 A. Zheleznyak -- CONFIDENTIAL

2 Q. Okay.

3 And did Mr. Leontiev acknowledge
4 his responsibility to repay the debt owed
5 to Avilon at the meeting at Avilon's
6 offices?

7 A. He said he's ready to pay it all
8 back but he has to think about the way to
9 organize it, to construct it. He need
10 some time to figure out to come up with a
11 proposal about how to do it. I think that
12 was -- actually, I think that was when
13 Monakhova showed up so that they could
14 agree to discuss these proposals, to
15 discuss these proposals.

16 I think that's when it was
17 discussed how these obligations could be
18 guaranteed using this paper.

19 Q. In other words, using the
20 securities that Mr. Leontiev owned?

21 A. Yes, that issue was discussed.
22 But there was some sort of problem with
23 the construction of the resolution.

24 Q. Okay.

25 And was there structure, how to

1 A. Zheleznyak -- CONFIDENTIAL

2 structure the resolution?

3 MR. ROMANOVSKI: Construction or
4 structure?

5 Q. There was a question about how
6 to structure the repayments.

7 MR. WEIGEL: That's not a
8 question.

9 THE WITNESS: Yes, how to
10 structure -- how to put the proposal
11 down on paper.

12 Q. Okay.

13 So is it fair to say there were
14 questions about how to document Mr.
15 Leontiev's agreement to repay the moneys?

16 MR. WEIGEL: Objection. Let me
17 get my objection out, please. It
18 lacks foundation. Misstates the
19 record.

20 MR. HECKER: But his testimony
21 was what?

22 THE WITNESS: The agreement,
23 yes, how to put together the
24 agreement.

25 Q. Okay.

1 A. Zheleznyak -- CONFIDENTIAL

2 A. Or how to formulate the
3 agreement.

4 Q. Okay.

5 Let's get this down again.

6 Is it fair to say that there
7 were questions about how to document Mr.
8 Leontiev's agreement to repay the moneys?

9 MR. WEIGEL: Asked -- I'm going
10 to object. You just asked the exact
11 same question. You apparently didn't
12 like the answer. Asked and answered.

13 THE WITNESS: The question was
14 about how to structure the transaction
15 that was going to be proposed by
16 Sergey. There was no -- they did not
17 come to a resolution. They didn't --
18 there was no understanding about what
19 to structure.

20 Q. Is it fair to say there was no
21 agreement on how to structure the
22 repayment but there was no dispute that
23 Mr. Leontiev was going to repay the funds?

24 MR. WEIGEL: I'm going to object.
25 Again, you keep asking the same

1 A. Zheleznyak -- CONFIDENTIAL
2 question.

3 MR. HECKER: Mr. Weigel, you can
4 object but state the objection.

5 MR. WEIGEL: Asked and answered.

6 Q. Go ahead.

7 A. That's correct. But the
8 conditions of the transaction, they
9 couldn't come to a resolution of the terms
10 of this -- of the agreement, of the
11 transaction. Sergey asked for a day to
12 think it over and to come up with a
13 proposal and after that, he proposed -- he
14 did come up with proposals.

15 Q. Now, am I right that the meeting
16 ended with a plan to meet the next day
17 again to discuss the proposal?

18 A. That's correct.

19 Q. Did Mr. Leontiev show up the
20 next day?

21 A. No. Well, we had an agreement
22 in theory to meet the next day, so there
23 was no set time or place. It was like
24 let's get together tomorrow and discuss
25 it.

1 A. Zheleznyak -- CONFIDENTIAL

2 Q. Why didn't you meet the next
3 day?

4 A. By you, who do you mean?

5 Q. Well, you left with an agreement
6 in theory to meet the next day; right?

7 A. Yes, Sergey flew somewhere.
8 What was the point of me meeting with him?
9 I met with him every day as it was.

10 Q. Where did Sergey fly?

11 A. Sergey flew to London for a
12 meeting with the attorneys.

13 Q. Okay.

14 And do you know why Sergey left
15 Moscow?

16 A. He had another meeting with
17 attorneys. In general, he flew there
18 frequently to meet with attorneys.

19 Q. After he left Moscow on
20 August 15, to your knowledge, did he ever
21 return to Russia?

22 A. No, never.

23 Q. When did he come to the United
24 States, to your knowledge?

25 A. I can't say for certain. It was

1 A. Zheleznyak -- CONFIDENTIAL
2 2015. I can't say for certain but it was
3 in 2015.

4 Q. And since he's been in the
5 United States, to your knowledge, he
6 hasn't returned to Russia?

7 A. He did not return.

8 Q. Now, we spoke earlier about the
9 meeting that you had in London, I believe
10 it was August 21, 2015?

11 A. August 15? August, 2015. I
12 don't know if it was the twenty-first.

13 Q. Was there more than one meeting
14 in London or just the one?

15 A. One. With Varshavsky. One.

16 Q. This was the one that was
17 recorded by Mr. Leontiev?

18 A. Yes.

19 Q. And who else attended that
20 meeting?

21 A. Myself, Boris Zuev, Alexander
22 Varshavsky, Galena Malygina. I'm sorry,
23 Ekaterina Malygina.

24 I think that's it.

25 Q. Who's Boris Zuev?

1 A. Zheleznyak -- CONFIDENTIAL

2 THE WITNESS: She was there so
3 that -- well, yes, to put everything
4 down on paper, to resolve the final --
5 the settlement, to finalize the
6 settlement.

7 Q. At the meeting Mr. Leontiev
8 acknowledged that the obligation to repay
9 the moneys dated back, in the case of
10 Avilon, to 2008; right?

11 MR. WEIGEL: I object. Vague as
12 to whose obligation you're referring
13 to.

14 Q. You can answer.

15 A. So this all came down to the
16 meeting that they couldn't come to an
17 agreement about how to structure Sergey's
18 settlement because Varshavsky, Alexander
19 would not agree to the proposal without
20 certain specific guarantees. He wanted to
21 receive some sort of -- he wanted to
22 receive some sort of a guarantee, a --

23 EVGENIYA SOKOLOVA: Collateral?

24 THE WITNESS: Collateral.

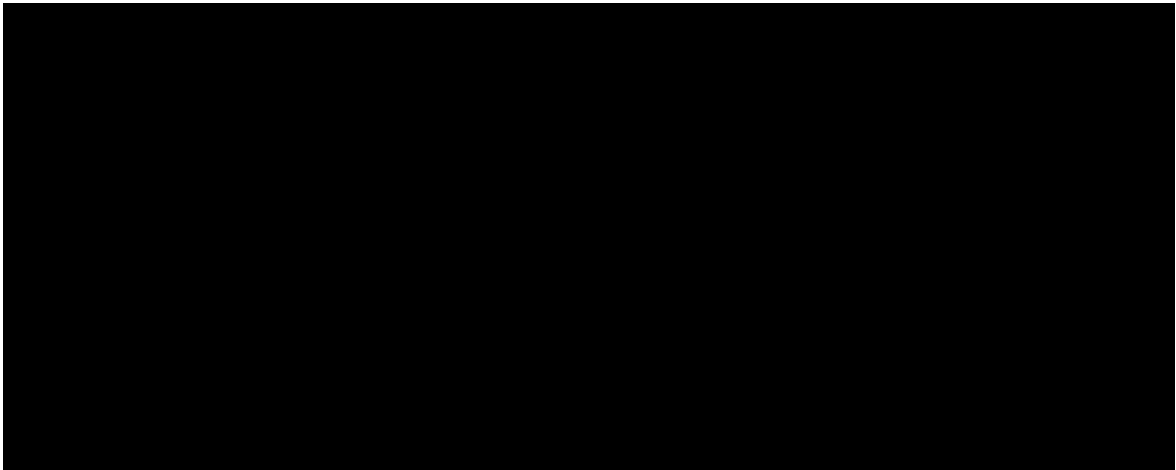
25 Everything came down to that.

A. Zheleznyak -- ATTORNEYS' EYES ONLY

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8 Q. And by protecting the assets,
9 you mean make them unavailable to
10 creditors like Mr. Varshavsky?

11 A. No, I didn't say to hide. It's
12 to defend them. It's a long story, but
13 you don't understand that in Russia right
14 now there's this illegal process going on.

15 They took away our bank which is
16 part of our life which is something we
17 worked on for twenty-five years where
18 sixteen thousand people were employed.
19 They threw them all out in the street.
20 They stole all the assets and arrested
21 people who were not guilty, innocent
22 people. But this is a separate story.
23 But this goes to why we have reason we
24 need to defend ourselves -- we have things
25 that we have to defend ourselves from.

1 A. Zheleznyak -- CONFIDENTIAL
2 to mean?

3 A. So that there's no criminal
4 investigation or criminal charges. He
5 said that he has very powerful attorneys
6 who can resolve this issue.

7 Q. Of the criminal investigation
8 against whom?

9 A. I think that it was against our
10 guys who are over there.

11 Q. What attorneys?

12 A. Russian.

13 Q. Do you know who they are?

14 A. No.

15 Q. And you reported this to Mr.
16 Leontiev?

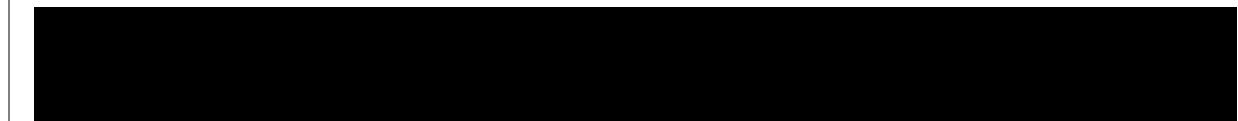
17 A. Yes, but I asked Alexander in
18 advance is this something I should tell
19 Leontiev. He said yes.

20 Q. At the meeting in London did Mr.
21 Varshavsky threaten to institute criminal
22 charges against Leontiev?

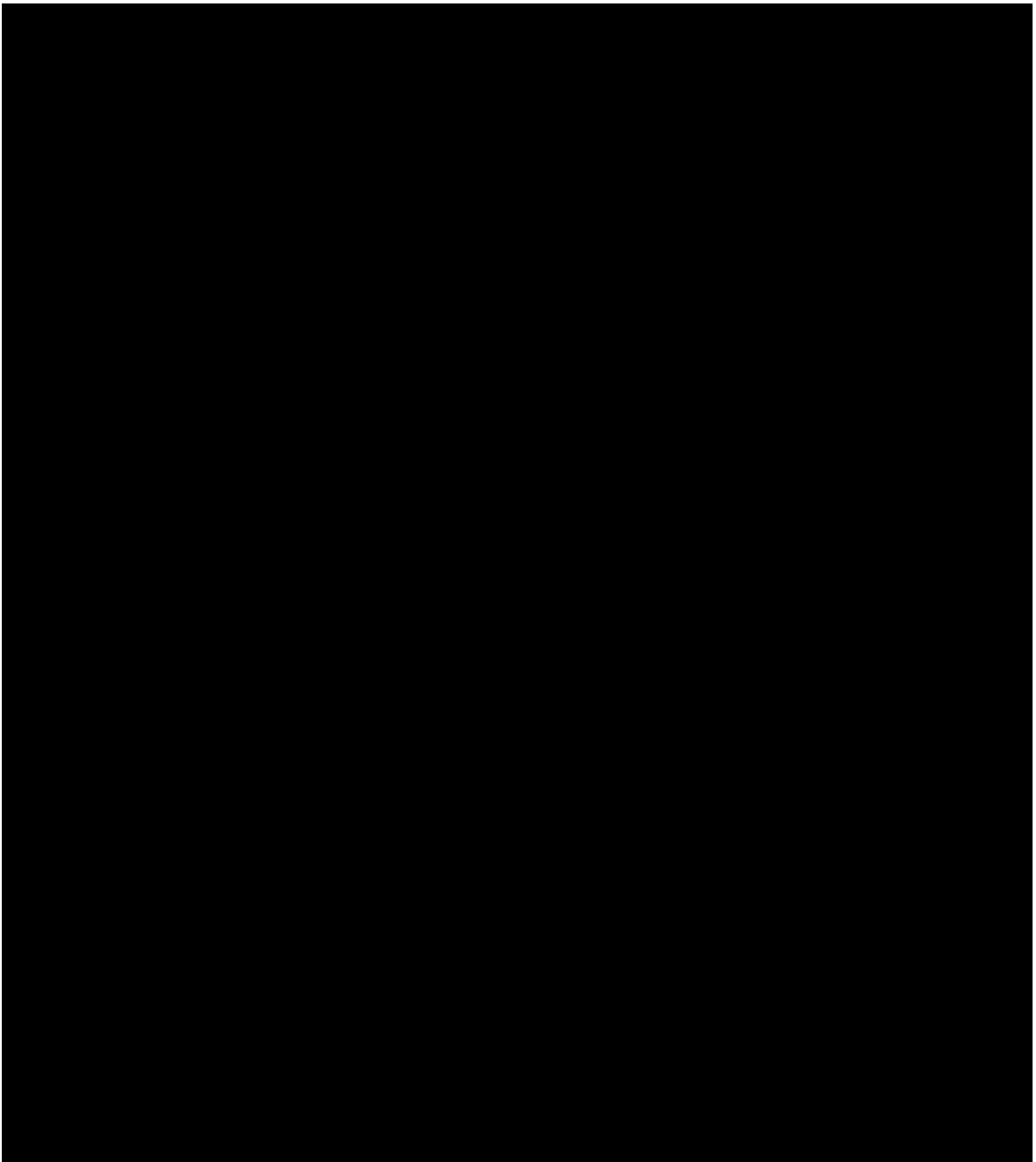
23 A. No.

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21 Q. I'm just going to ask you
22 whether you are familiar with a few other
23 entities.
24 Have you heard of Trigor Trading
25 Limited? Trigor Trading Limited, do you

1 A. Zheleznyak -- CONFIDENTIAL

2 know it?

3 A. No.

4 Q. Finbay Group Limited?

5 A. No.

6 Q. Greenex Trading Limited?

7 A. No.

8 Q. You've never heard of these

9 entities?

10 A. No, these, no, never heard of

11 them.

12 Q. Dunning Finance, Inc.?

13 A. No.

14 Q. Greater Divide Limited?

15 A. No.

16 Q. Clervaux, Clervaux Investments

17 Limited?

18 A. Never.

19 Q. Are you familiar with the e-mail

20 address wonderlandtree@gmail.com?

21 Wonderlandtree.

22 A. No. It's the first time I'm

23 hearing that.

24 Q. Are you still in touch with

25 Alexander Shcheglyayev?

CERTIFICATION BY REPORTER

I, Wayne Hock, a Notary Public of the State of New York, do hereby certify:

That the testimony in the within proceeding was held before me at the aforesaid time and place;

That said witness was duly sworn before the commencement of the testimony, and that the testimony was taken stenographically by me, then transcribed under my supervision, and that the within transcript is a true record of the testimony of said witness.

I further certify that I am not related to any of the parties to this action by blood or marriage, that I am not interested directly or indirectly in the matter in controversy, nor am I in the employ of any of the counsel.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of December, 2016.

